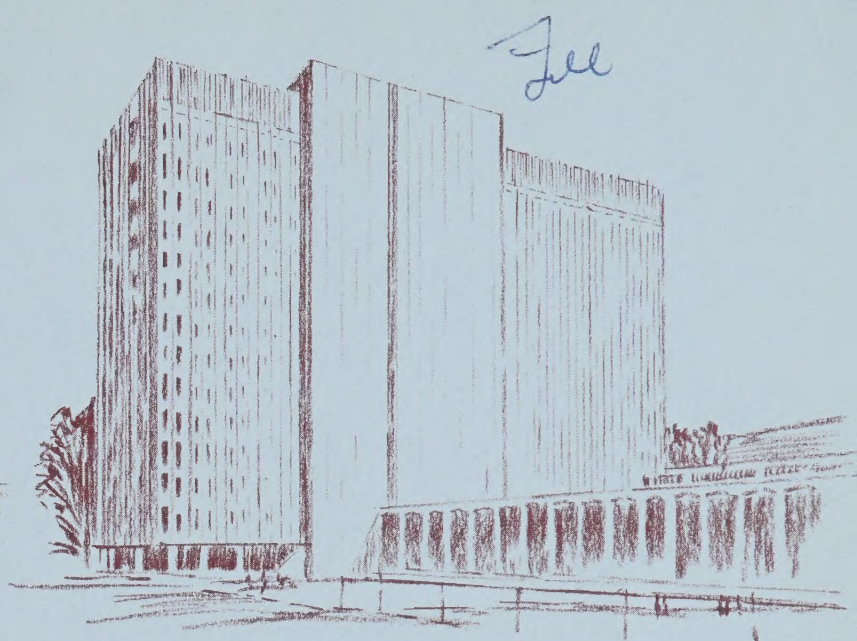
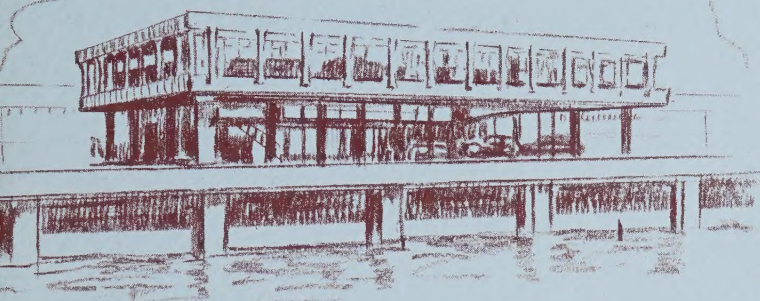
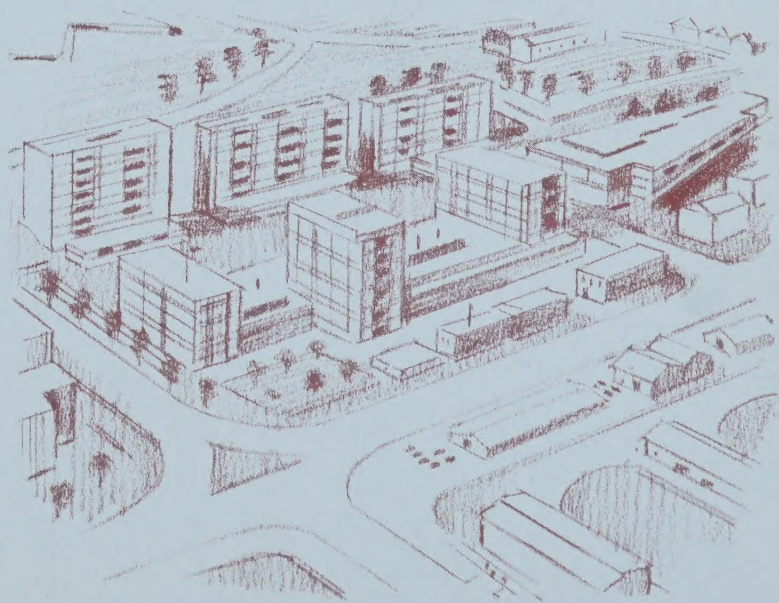
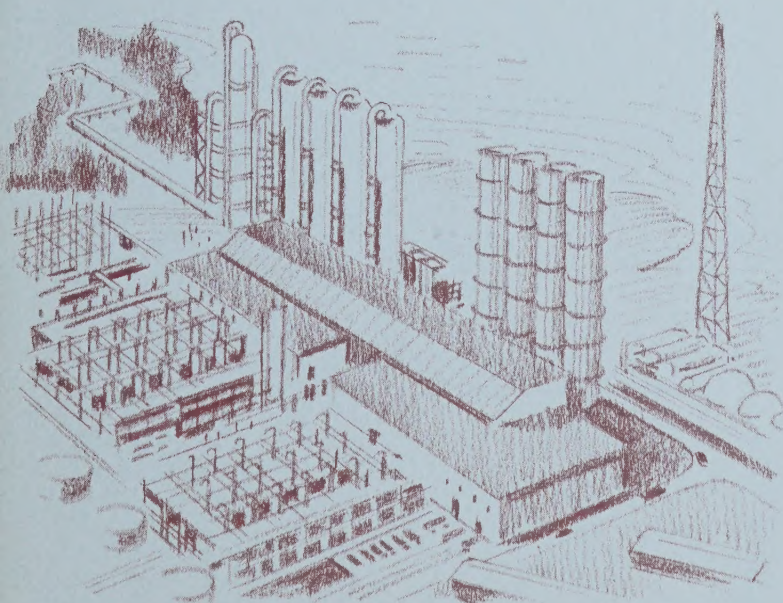
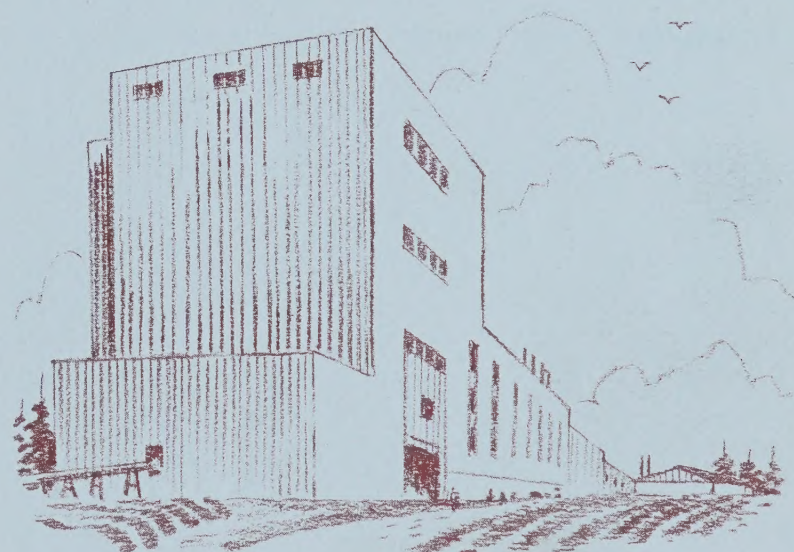
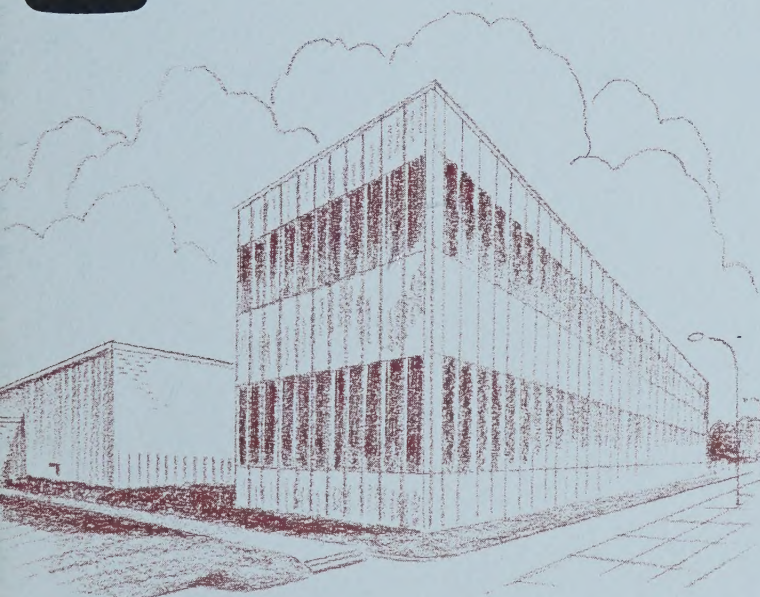


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MARITIME TELEGRAPH & TELEPHONE COMPANY LIMITED ANNUAL REPORT 1967



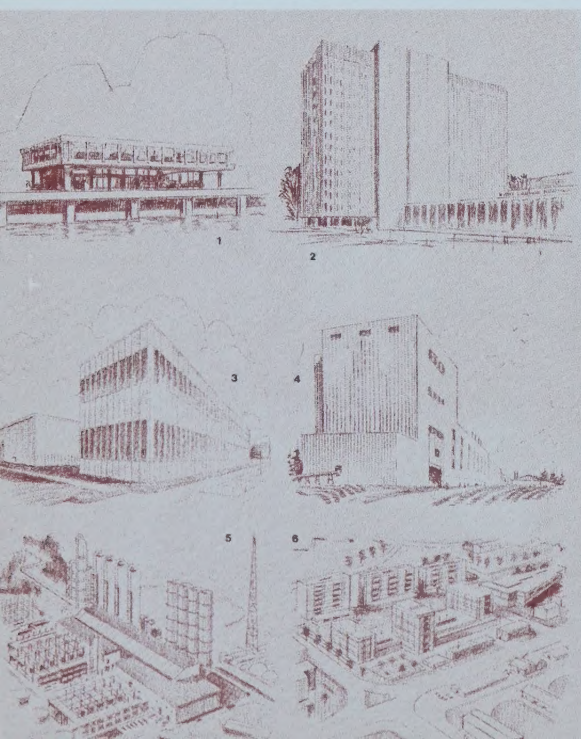




## MARITIME TELEGRAPH & TELEPHONE COMPANY LIMITED

Head Office: 1520 Hollis Street, P. O. Box 880, Halifax, Nova Scotia, Canada

Breadth and scope of Company's telecommunications being provided throughout Nova Scotia are well illustrated (see cover, and below) by continuing growth in the number of industrial, commercial and institutional establishments. In each case, specialized Company products and services help meet essential communications requirements.



- 1, Canadian Motor Industries, Point Edward
- 2, Sir Charles Tupper Medical Building, Halifax
- 3, Huyck Canada (Formerly Formex), Kentville
- 4, Anil Hardboard, East River
- 5, Deuterium of Canada, Glace Bay
- 6, Scotia Square Development, Halifax



# ANNUAL REPORT 1967

Telephone (Area Code 902) 455-7281

## STOCK TRANSFER OFFICES

Maritime Telegraph and Telephone Company, Limited  
1520 Hollis Street, Halifax, N. S.

Canada Permanent Trust Company  
625 Dorchester Blvd. West, Montreal 1, Que.

Canada Permanent Trust Company  
34 King Street West, Toronto 1, Ont.

## STOCK REGISTRAR

The Halifax, Montreal and Toronto offices of Canada Permanent Trust Company are registrars of common shares of the capital stock of the Company.

## COMMON SHARES LISTED

Montreal Stock Exchange

Toronto Stock Exchange

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The annual general meeting of the shareholders of Maritime Telegraph and Telephone Company, Limited will be held at the Head Office of the Company, 1520 Hollis Street, Halifax, N. S., on Friday, the 22nd day of March, 1968, at twelve o'clock noon.

## PRESIDENT'S REVIEW OF THE YEAR'S PROGRESS

The telephone industry is sometimes referred to as a barometer of business conditions, and on this basis the Centennial year was one of steady progress and growth for the province.

Maritime Telegraph and Telephone Company, Limited, in 1967 continued its strong growth with a record increase in telephones of 16,232 or 7.1 per cent, making a total of 243,502 telephones in operation at the end of 1967. The increase in long distance messages reached a record high, as well, with an increase of 8.7 per cent for a total of 12,158,494.

Both the return on total capital invested and the return on rate base have shown moderate but satisfying increases reflecting a higher percentage increase in revenues than in expenses. Earnings per average common share rose from \$1.44 to \$1.54. Improved earnings such as these are necessary to enable the Company to continue its expansion and modernization program. Capital expenditures of \$21,851,000 in 1967 were the highest in the Company's history.

One of the largest and most significant projects completed during 1967 was the provision of Direct Distance Dialing for the Halifax-Dartmouth area and nearby exchanges. This together with the Direct Distance Dialing in the industrialized area in Cape Breton means that approximately 55 per cent of our customers can now dial their own long distance calls directly.

The provision of Extended Area Service eliminating long distance charges between adjacent exchanges continued in 1967 as did the enlargement of areas within exchanges where one and two-party service is supplied without mileage charges. The Company continued its program of improving telephone facilities in rural communities by assuming the service responsibilities of twenty-four areas formerly served by connecting companies. Preparation for dial service in a number of the smaller and medium sized exchanges also continued.

Diversification in the provision of new services is important to the future of your Company, and at the April, 1967, Board of Directors' meeting, your directors decided to provide Community Antenna Television Service in various communities in Nova Scotia. Following the decision, applications were submitted to the governmental authorities in Ottawa. Implementation of changes in federal broadcasting regulations has caused postponement of plans for the time being but it is hoped that in 1968 the applications will be approved and that cable vision service can be provided.

The Company is, as well, a joint participant with nine other telecommunications companies, including Canadian National and Canadian Pacific Telecommunications, in a proposal which has been made to the Federal Government to plan, build and operate an all-Canadian domestic satellite communications system, fully integrated with the existing terrestrial microwave system from coast to coast. The Company also shared proportionately with other telephone companies in Canada in the cost and operation of the industry's pavilion at Expo '67, and the exhibit, viewed by many Nova Scotians, was considered by most to be the highlight at "Expo".

In March, the Company, in order to continue with its large modernization and expansion program, borrowed \$10,000,000 through a 6½ per cent Series "N" Bond issue, and in November and December the Company offered to shareholders, at a price of \$16.00 per share, one new common share for each eight common or preferred shares held. Of the authorized 425,916 shares offered, 421,571 or 98.98%, amounting to \$6,745,000, were subscribed. The total proceeds from both sources were \$16,745,000.

Prospects for economic progress still hold promise. Your Directors realize that there are difficult problems ahead. This is particularly true in the Cape Breton mining and steel area. There is no simple answer to the problems which confront industry in these and other sections of the province. However, a mature and mutual appreciation of economic conditions on the part of management and labour will go a long way toward a satisfactory solution.

The year 1967 was a satisfactory one financially and in the progress made toward growth and modernization. Telephone employees take pride in the contribution they are making to the well-being of this province. They are aware of the Company's objectives and its problems, and will continue to work hard to meet and solve them.

February 23, 1968





## DIRECTORS



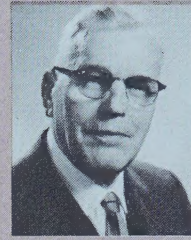
**\*A. MURRAY MacKAY**  
Chairman of the Board  
Maritime Telegraph &  
Telephone Co., Ltd.  
Halifax



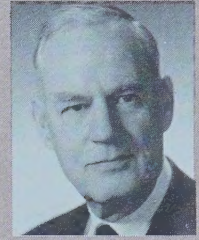
**GARNET L. ANGUS**  
President  
Angus Fuel and  
Transportation, Ltd.  
Amherst



**\*DONALD F. ARCHIBALD**  
President  
Archibald Farms Limited  
Port Williams



**MELBOURNE R. CHAPPELL**  
Vice-President  
Island Construction  
Company, Limited  
Sydney



**\*JAMES A. HOBBS**  
Executive Vice-President  
The Bell Telephone  
Company of Canada  
Montreal  
resigned Oct. 27, 1967



**\*A. GORDON ARCHIBALD**  
President  
Maritime Telegraph &  
Telephone Co., Ltd.  
Halifax



**SEYMOUR W. KENNEY**  
President  
Kenney Construction  
Company  
Yarmouth



**\*ALEXANDER G. LESTER**  
Executive Vice-President  
The Bell Telephone  
Company of Canada  
Montreal



**\*CLARENCE J. MORROW**  
Chairman  
Ocean Fisheries Ltd.  
Lunenburg



**\*FRANCIS D. SMITH, Q. C.**  
Partner  
Burchell, Smith, Jost,  
Burchell and Chisholm  
Halifax  
resigned Dec. 31, 1967



**\*DONALD W. MYERS**  
Vice-President and  
General Manager  
Maritime Telegraph &  
Telephone Co., Ltd.  
Halifax



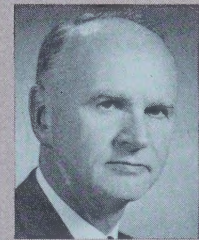
**\*PERCY J. SMITH**  
Vice-President  
Pitfield, Mackay, Ross  
& Company, Limited  
Halifax



**FRANK H. SOBEY**  
Chairman of the Board  
Sobey Stores Limited  
Stellarton



**\*CHARLES E. STANFIELD**  
Vice-President  
Stanfield's Limited  
Truro



**GEORGE C. WALLACE**  
Vice-President—Finance  
The Bell Telephone  
Company of Canada  
Montreal  
appointed Nov. 16, 1967

\*Member of  
Executive Committee



**W. STRUAN ROBERTSON**  
Vice-President—Finance  
Maritime Telegraph &  
Telephone Co., Ltd.  
Halifax  
on special assignment  
commencing Sept. 1, 1967

## OFFICERS

A. Murray MacKay	Chairman of the Board
A. Gordon Archibald	President
Donald W. Myers	Vice-President and General Manager
W. Struan Robertson	Vice-President—Finance
A. James Unsworth	Secretary and General Counsel
Stuart P. Conrod	Treasurer
Stephen E. Jefferson	Comptroller
Frederick M. Waller	Executive Assistant

## OPERATIONS

G. Kendall Foster	General Plant Manager
Alexander H. MacKinnon	Chief Engineer
G. Donald Robb	General Traffic Manager
Murray W. Wallace	General Commercial Manager
John R. Gale	General Information Manager
Harry W. Dacey	General Personnel Manager



## DIRECTORS' REPORT TO THE SHAREHOLDERS

### SERVICE EXPANSION AND IMPROVEMENT

During 1967 your Company made steady progress towards the six major goals of its ten-year program of accelerated growth and modernization of customers' telephone services. At the same time, an increasingly wider array of telecommunications services was provided to defence, business and industry.

Early in the year the manual exchange at Chez-etcook was converted to dial operation. By the end of 1967, 88 per cent of the Company's telephones in service were dial operated and 73 per cent of residence customers had one-party service, compared to 52.3 per cent in 1957.

A total of 16,232 new telephones was placed in service. This is the highest yearly gain on record. The previous high was 11,781 during 1965. At year end, there were 243,502 telephones in service and throughout the province 84.1 households out of every hundred had a telephone, an increase from 54.6 per cent, which applied in 1951. Overall,

telephones per one hundred population increased from 18.2 in 1951 to 32.5 in 1967.

The development of residence extension telephones showed a marked increase and represented 13.6 per cent of the total 1967 telephone gain. At the end of the year, there were 15.7 extensions to every one hundred residence main telephones, compared to 10.6 per hundred ten years ago.

Calls averaged 1,425,420 per day, an increase of 5.8 per cent over 1966. Long distance calling volume was up 8.7 per cent to a daily average of 36,290. The number of local and long distance calls reached a record total of 477,514,900.

Introduction of two new types of service was announced late in the year. Mobile telephones for vehicles in the Halifax-Dartmouth area will be connected with the telephone network through a facility located in Halifax. For residence and business customers, Touch-Tone telephones in various models will be available early in 1968 in Sydney, New Glasgow, Halifax and Dartmouth.





## CONSTRUCTION

The end of 1967 marked the completion of the second year of the ten-year program of accelerated growth and modernization of customer services. The construction expenditure of \$21,850,000 was the largest in the Company's 58-year history.

The largest portion of the 1967 construction expenditures was \$14,850,000, to provide expanded service to existing and new customers. An additional \$3,848,000 was spent to replace plant, equipment and facilities in the provision of already existing services. The balance, \$3,153,000, was spent on service improvement projects.

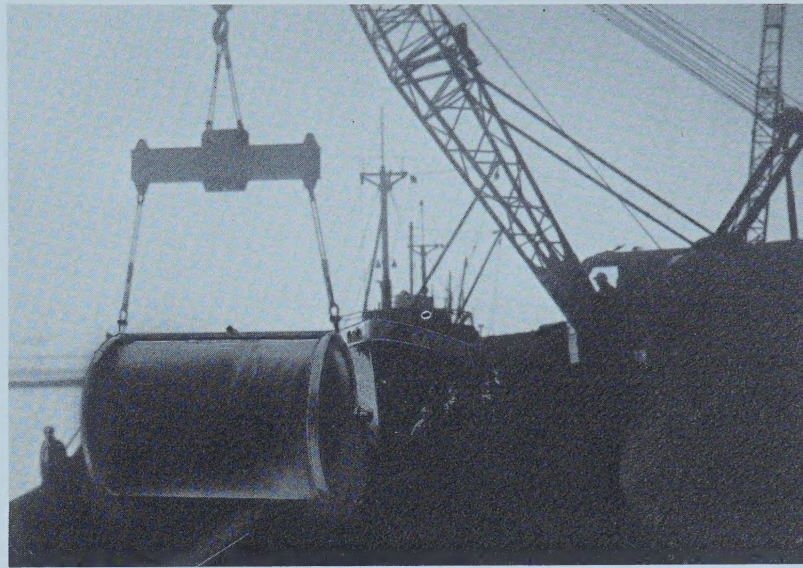
**Growth** — In eleven communities, additions to central office equipment were completed to provide service to 5,500 new customers. At Sydney, trunk equipment for Glace Bay and Baddeck was installed to provide for operator services such as Long Distance and Information. In Dartmouth work was started on the installation of 8,800 additional customer lines. At Lockeport new central office switching equipment was installed to provide for additional customers being served in that Community.

New short-haul microwave systems to provide for additional long-distance service were completed. A new radio link between Canso Strait and Guysborough augmented open wire, and another joined Tatamagouche and Truro to enable community dial office trunks from Tatamagouche to "home" on Truro. Additional circuits on existing microwave systems were provided between Halifax and Chatham, and to the Halifax-Sydney-Saint John system.

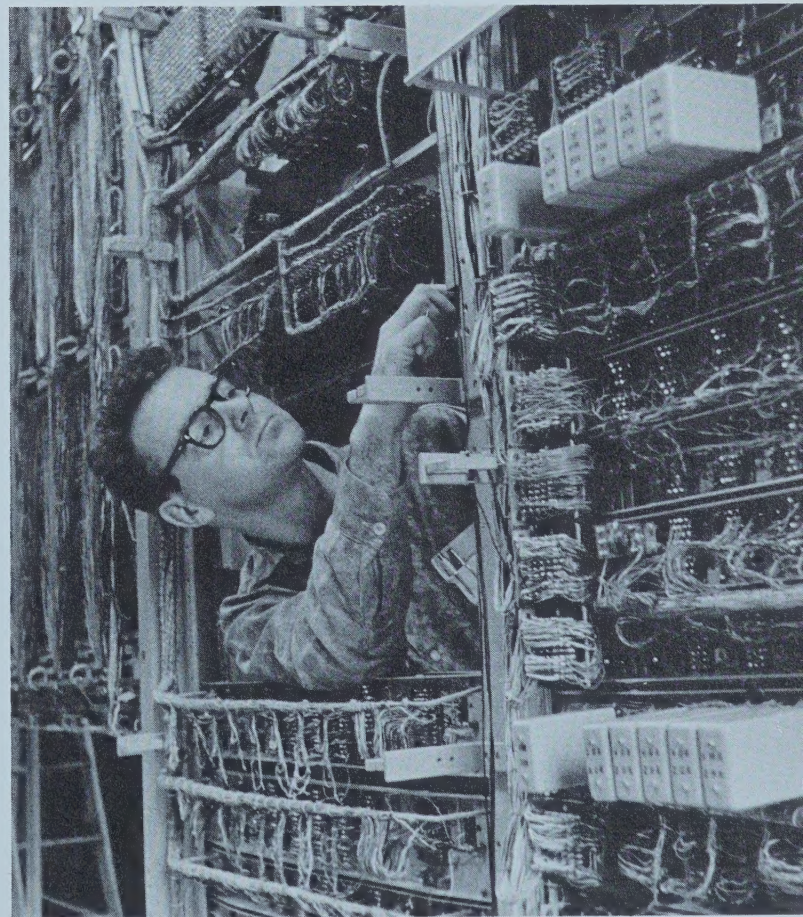
In association with the Canso Strait microwave project, a 55-ton, one-mile long submarine cable was laid across the Strait of Canso.

At a number of offices additional facilities were provided to increase the number of circuits available for long distance users. As well, at Sydney, Port Hawkesbury, Bridgewater and Halifax, a total of 51 additional long distance operator positions was installed.

During the year, property was acquired in Sydney and Halifax, to provide for future expansion of exchange and long distance services. At the Howe Avenue work center in Halifax a major ex-



Working late into the evening, crews lay mile-long, 55-ton submarine cable across Strait of Canso in association with growth in microwave facilities.



Finishing touches are applied by expert craftsman on equipment associated with Direct Distance Dialing installation to serve customers in Halifax-Dartmouth and area.



tension was carried out to provide much-needed office space for the Head Office area and in late fall Head Office Traffic and Plant Departments moved from Hollis Street to Howe Avenue.

To provide for growth of customer services a new central dial office building at Lockeport was completed. Radio buildings and towers were erected at Bezanson, Tatamagouche, Nuttby Mountain and a microwave tower at Truro.

**Replacement** — Between Sydney and Ingonish, new radio facilities were constructed to replace two existing radio systems serving the North Eastern Cape Breton area. The communities of Barrington, Shelburne and Yarmouth were linked by a short-haul microwave system, and a new microwave system was constructed joining Hebron, Oak Park and Shelburne.

**Modernization**—Direct Distance Dialing was introduced in Halifax and surrounding area in March with the installation of Centralized Automatic Toll

Ticketing equipment and extensions to the switchboard. In New Glasgow, a new long distance switchboard and Direct Distance Dialing facilities were under construction for cut-over to service in mid-1968.

Central office equipment installation associated with dial conversion was undertaken in a number of areas, and towards the latter part of the year additional small "crossbar" offices were being installed for scheduled cut-over to service, early in 1968, in six communities.

In January, the communities of Brookfield and Truro were linked in a new Extended Area Service, and in February the manual exchange at Chezzetcook was converted to dial with customers in this exchange linked with Halifax area customers in an Extended Area Service. With these EAS plans, long distance charges between the respective communities are no longer applicable, and in each case the communities linked in EAS plans pay common monthly base rates for telephone service.

(continued on page 15)



Company's third generation computer installation, enclosed in temperature and humidity controlled room-within-a-room, undergoes tests before being put to work.



## FINANCIAL RECORD

Total operating revenues were \$32,333,000, up 13.2% from 1966. Total operating expenses (including other operating taxes) were \$20,720,000, up 11.2% during the same period. Depreciation accruals of \$6,294,000 were 30% of the total operating expenses; the next largest item, maintenance expenses of \$5,265,000, representing 25% of the total.

Earnings before interest and income taxes amounted to \$11,986,000, up from \$10,167,000 in 1966. Return on total capital invested was 7.4% compared with 7.2% in 1966. After provision for interest and amortization of \$2,262,000, income

taxes of \$4,650,000 and preferred dividends of \$105,000, \$4,969,000 remained for the common shares, or \$1.54 on the 3,232,000 average common shares outstanding during 1967, compared with \$1.44 on the 2,975,858 shares in 1966.

In 1967, common share dividends amounted to \$3,557,000, at the rate of \$1.10 per share. Net earnings for the year were \$5,074,000, exceeded by Company taxes to all levels of government during 1967 of \$5,623,000. Taxes were equivalent to \$1.74 per share or \$24.00 for each telephone. In addition, taxes collected by the Company on long distance calls within Nova Scotia, and remitted to the provincial government, amounted during 1967 to \$627,210.

## IN BRIEF

	1967	1966	% Increase
Construction Expenditures	\$ 21,850,963	\$ 17,956,409	21.7
Telecommunications Plant and Equipment	146,280,962	128,492,251	13.8
Per Telephone	601	565	6.4
Accumulated Depreciation	36,269,425	33,099,671	9.6
Financing — Common Stock	7,789,544	6,669,988	16.8
— Bonds	10,000,000	—	—
Internal Source of Funds	12,827,547	11,245,396	14.1
First Mortgage Bonds	46,000,000	36,000,000	27.8
Preferred Stock	1,500,000	1,500,000	—
Common Stock, Premium & Retained Earnings	61,289,618	52,119,736	17.6
Shareholders' Equity per Common Share	16.67	16.37	1.8
Operating Revenues	32,333,052	28,570,965	13.2
Operating Expenses & Other Taxes	20,719,832	18,638,636	11.2
Income Taxes	4,650,079	4,005,655	16.1
Income Available for Common Dividends	4,969,055	4,297,029	15.6
Dividends on Common Shares	3,556,852	2,946,650	20.7
Income per Average Common Share	1.54	1.44	6.9
Return on Total Capital	7.4%	7.2%	—
Return on Rate Base	6.5%	6.3%	—
Telephones in Service	243,502	227,270	7.1
Percent Dial Operated	87.9%	87.9%	—
Number of Local Calls	477,514,900	451,160,600	5.8
Number of Long Distance Messages	12,158,494	11,187,823	8.7



**BALANCE SHEET**

(With comparative figures)

**Assets**

	1967	1966
<b>Telephone Plant</b>	<b>\$</b>	<b>\$</b>
Depreciable Telephone Plant in Service (Note 1)	140,623,258	125,208,627
Less Accumulated Depreciation	<u>36,269,425</u>	<u>33,099,671</u>
	104,353,833	92,108,956
Other Telephone Plant (Note 2)	<u>5,657,704</u>	<u>3,283,624</u>
	<u>110,011,537</u>	<u>95,392,580</u>
<b>Investments</b>		
Subsidiary Companies (Note 3)	1,878,210	1,873,210
Advances to Subsidiary	68,000	—
Other Investments (Note 4)	<u>40,056</u>	<u>43,002</u>
	<u>1,986,266</u>	<u>1,916,212</u>
<b>Current Assets</b>		
Cash	1,271,450	577,957
Temporary Cash Investments	3,100,000	—
Due from Subsidiaries	695,335	39,747
Accounts Receivable (Note 5)	4,613,665	3,978,092
Material and Supplies, at cost	2,099,924	969,731
Prepayments (Note 6)	<u>233,457</u>	<u>212,427</u>
	<u>12,013,831</u>	<u>5,777,954</u>
<b>Deferred Charges</b>		
Special Refundable Tax	503,042	305,353
Unamortized Discount on Long Term Debt	346,709	268,831
Other Deferred Charges	<u>184,423</u>	<u>190,042</u>
	<u>1,034,174</u>	<u>764,226</u>
<b>Total</b>	<u><b>125,045,808</b></u>	<u><b>103,850,972</b></u>

Approved:

A. M. MacKay  
DirectorA. G. Archibald  
Director



# TELEPHONE COMPANY LIMITED

at December 31, 1967

at December 31, 1966)

## Liabilities and Shareholders' Equity

	1967	1966
	\$	\$
<b>Current Liabilities</b>		
Note Payable to Subsidiary	—	200,000
Accounts Payable (Note 7)	2,745,503	1,325,626
Income Taxes Accrued	1,407,219	1,583,910
Interest Accrued	566,510	376,928
Dividends Payable	935,995	901,884
Other Current Liabilities	211,768	219,738
	<u>5,866,995</u>	<u>4,608,086</u>
<b>Deferred Credits</b>		
Deferred Income Taxes (Note 8)	10,045,842	8,839,306
Employees' Stock Savings Plan (Note 9)	307,500	759,124
Other Deferred Credits	35,853	24,720
	<u>10,389,195</u>	<u>9,623,150</u>
<b>Long Term Debt (Note 10)</b>	<u>46,000,000</u>	<u>36,000,000</u>
Total Liabilities	<u>62,256,190</u>	<u>50,231,236</u>
<b>Shareholders' Equity</b>		
Common Stock (Note 11)	36,759,620	31,847,730
Premium on Common Stock (Note 12)	13,639,079	10,761,425
Retained Earnings — Unappropriated	10,387,877	9,205,228
Retained Earnings — Appropriated	503,042	305,353
	<u>61,289,618</u>	<u>52,119,736</u>
Preferred Stock (Note 11)	1,500,000	1,500,000
Total Shareholders' Equity	<u>62,789,618</u>	<u>53,619,736</u>
Total	<u>125,045,808</u>	<u>103,850,972</u>

The accompanying notes are an integral part of the financial statements.

S. E. Jefferson  
Comptroller



# INCOME STATEMENT

for the year ended  
December 31, 1967

(with comparative figures  
for the year ended  
December 31, 1966)

	1967	1966
	\$	\$
<b>Operating Revenues</b>		
Local Service	16,818,382	15,061,133
Long Distance Service	14,731,535	12,778,067
Miscellaneous (Note 13)	912,552	860,368
Less Uncollectible Operating Revenues	(129,417)	(128,603)
	<u>32,333,052</u>	<u>28,570,965</u>
<b>Operating Expenses</b>		
Maintenance (Note 14)	5,264,594	4,695,558
Depreciation (Note 15)	6,293,725	5,597,922
Traffic (Note 16)	3,193,289	2,897,165
Commercial (Note 17)	1,687,136	1,513,459
Administrative and Other (Note 18)	3,308,383	3,044,056
Taxes (other than income taxes)	972,705	890,476
	<u>20,719,832</u>	<u>18,638,636</u>
Operating Income before Income Taxes (Note 19)	11,613,220	9,932,329
<b>Other Income (Note 20)</b>	<u>372,704</u>	<u>234,736</u>
	<u>11,985,924</u>	<u>10,167,065</u>
<b>Fixed Charges</b>		
Bond Interest	2,168,333	1,653,752
Other Interest	57,034	73,169
Amortization of Intangible Assets (Note 21)	36,423	32,460
	<u>2,261,790</u>	<u>1,759,381</u>
Income before Income Taxes	9,724,134	8,407,684
<b>Income Taxes (Note 22)</b>	<u>4,650,079</u>	<u>4,005,655</u>
Income for year	<u>5,074,055</u>	<u>4,402,029</u>

# STATEMENT OF RETAINED EARNINGS

for the year ended  
December 31, 1967

(with comparative figures  
for the year ended  
December 31, 1966)

	1967	1966
	\$	\$
Balance January 1	9,205,228	7,610,897
Add:		
Income for year	5,074,055	4,402,029
Contingent and Insurance & Casualty Reserves	—	578,749
Less:		
Dividends—Preferred	(105,000)	(105,000)
—Common	(3,556,852)	(2,946,650)
Appropriation Special		
Refundable Tax	(197,689)	(305,353)
Miscellaneous	(31,865)	(29,444)
	<u>10,387,877</u>	<u>9,205,228</u>



## SOURCE AND APPLICATION OF FUNDS

for the year ended December 31, 1967 (with comparative figures for the year ended December 31, 1966)

<b>SOURCE OF FUNDS</b>	<b>1967</b>	<b>1966</b>
<b>Internal Sources</b>	<b>\$</b>	<b>\$</b>
Operations:		
Net Income For Year	5,074,055	4,402,029
Add Back:		
Depreciation	6,293,725	5,597,922
Other Expenses not requiring an outlay of funds	866,467	632,510
	<u>12,234,247</u>	<u>10,632,461</u>
Salvage and Other Items	593,302	612,935
Total Internal Sources	<u>12,827,549</u>	<u>11,245,396</u>
<b>External Sources</b>		
Bond Issue	10,000,000	—
Proceeds From Stock Issues	7,789,544	6,669,988
Increase (Decrease) in Deferred Credits—		
Employees' Stock Savings Plan	(451,624)	493,272
Total External Sources	<u>17,337,920</u>	<u>7,163,260</u>
Total Sources of Funds	<u>30,165,469</u>	<u>18,408,656</u>
<b>APPLICATION OF FUNDS</b>		
Gross Additions to Plant	21,473,130	17,671,394
Cost of Removing Old Plant	377,833	285,015
Construction Expenditures	21,850,963	17,956,409
Less Charges to Construction not requiring an outlay of funds	712,183	514,513
	<u>21,138,780</u>	<u>17,441,896</u>
Dividends	3,661,852	3,051,650
Investment and Advances to Subsidiary Company	73,000	648,000
Special Refundable Tax	197,689	305,353
Miscellaneous	117,180	108,515
Total Funds Applied	<u>25,188,501</u>	<u>21,555,414</u>
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	<u>4,976,968</u>	<u>(3,146,758)</u>



# NOTES TO FINANCIAL STATEMENTS

## BALANCE SHEET

- (1) **Depreciable Telephone Plant in Service** — buildings, switching and microwave equipment, poles, wire, cable, underground conduit, telephone apparatus, motor vehicles, office furniture and other equipment, at cost.
- (2) **Other Telephone Plant** — land, plant under construction, property held for future use and other non-depreciable items of plant, at cost, including intangible assets of \$70,208.
- (3) **Investments—Subsidiary Companies**—144,000 shares (55%) of common stock in The Island Telephone Company, Limited, at cost. Statements have not been consolidated because the Company is under the jurisdiction of the Board of Commissioners of Public Utilities for the Province of Nova Scotia, whereas The Island Telephone Company, Limited is under the jurisdiction of the Public Utilities Commission of the Province of Prince Edward Island.

The Company's proportion of The Island Telephone Company, Ltd. income for the year 1967, most of which was dividend from the common stock, was \$184,320 and of The Island Telephone Company, Ltd. retained earnings was \$826,320.

- (4) **Other Investments** — principally land and buildings not used in providing telephone service, at cost.
- (5) **Accounts Receivable** — principally amounts due from customers, after provision for uncollectible accounts of \$50,000.
- (6) **Prepayments** — insurance, cost of directories and other items applicable to subsequent period.
- (7) **Accounts Payable** — amounts owing for supplies, equipment, salaries and other items.
- (8) **Deferred Income Taxes**—arise from claiming maximum capital cost allowances in excess of straight line depreciation charges in calculating taxable income; these deferred credits will be used in future years when straight line depreciation charges exceed maximum capital cost allowances.
- (9) **Employees' Stock Savings Plan** — contributions by employees subscribing for shares of capital stock at Dec. 31, 1967, including interest; shares are issued on the completion of 12 months of contributions.
- (10) **Long Term Debt—First Mortgage Bonds—**

Series G Maturing March 15, 1971	3½%	\$ 5,000,000
Series D Maturing April 1, 1971	4%	1,000,000
Series F Maturing July 2, 1972	3%	3,000,000
Series H Maturing July 2, 1972	4½%	2,500,000
Series I Maturing May 1, 1975	3¾%	3,000,000
Series E Maturing July 1, 1976	3%	2,000,000
Series J Maturing September 15, 1978	5¼%	3,500,000
Series K Maturing November 1, 1980	5½%	4,000,000
Series L Maturing June 15, 1983	5½%	5,000,000
Series M Maturing May 1, 1985	5½%	7,000,000
Series N Maturing March 15, 1987	6½%	10,000,000
		<u>\$46,000,000</u>



**(11) Capital Stock — par value: \$10.00 per share**

Authorized:	5,000,000 shares
Issued: Common—as at Dec. 31, 1966	3,184,773 shares
—issued during year (for \$7,789,544 cash)	<u>491,189 shares</u>
—as at Dec. 31, 1967	<u>3,675,962 shares</u>
Preferred—7% cumulative	150,000 shares

**(12) Premium on Common Stock—**

Balance at Dec. 31, 1966	\$10,761,425
Premium on shares issued during 1967	<u>2,877,654</u>
Balance at Dec. 31, 1967	<u>\$13,639,079</u>

**INCOME STATEMENT**

- (13) Miscellaneous Operating Revenues—**from directory advertising and rents.
- (14) Maintenance —** cost of inspection, repairs and rearrangements required to keep the telephone plant in good operating condition.
- (15) Depreciation —** charged under the straight line method using component depreciation rates as approved from time to time by the Board of Commissioners of Public Utilities for the Province of Nova Scotia.
- (16) Traffic —** costs, mainly operators' wages, incurred in handling telephone calls.
- (17) Commercial —** sales expense, advertising, cost of directories and costs incurred in business relations with customers.
- (18) Administrative and Other —** general office salaries and expenses, benefit payments, provision for service pensions, operating rents and other general expenses.
- (19) Operating Income Before Depreciation, Etc. —** Operating income before depreciation, bond interest, dividends from subsidiaries and income taxes — \$17,906,945 for 1967 and \$15,530,251 for 1966.
- (20) Other Income —** includes dividends from subsidiary company \$144,000, interest income \$267,107 and miscellaneous income charges.
- (21) Amortization of Intangible Assets —** Amortization of bond discount and premium amounted to \$18,867 for 1967 and \$14,904 for 1966.
- (22) Income Taxes —** include the amount of \$1,206,536 deferred to future years which arises from claiming maximum capital cost allowances in excess of straight line depreciation charges.

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To the Shareholders,  
Maritime Telegraph and Telephone Company, Limited

We have examined the balance sheet of Maritime Telegraph and Telephone Company, Limited, as at 31st December, 1967, and the related statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

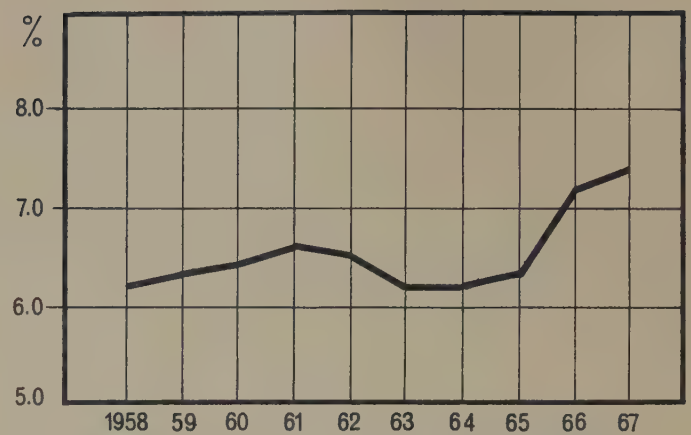
In our opinion these financial statements present fairly the financial position of the Company as at 31st December, 1967, and the results of its operations and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Halifax, N. S.  
31st January, 1968

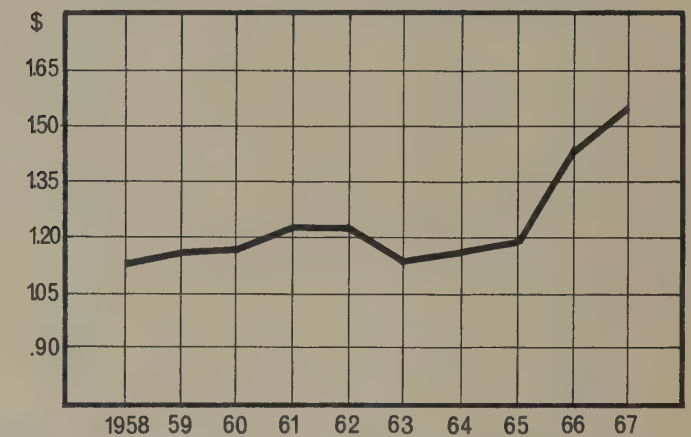
LEE & MARTIN,  
Chartered Accountants.



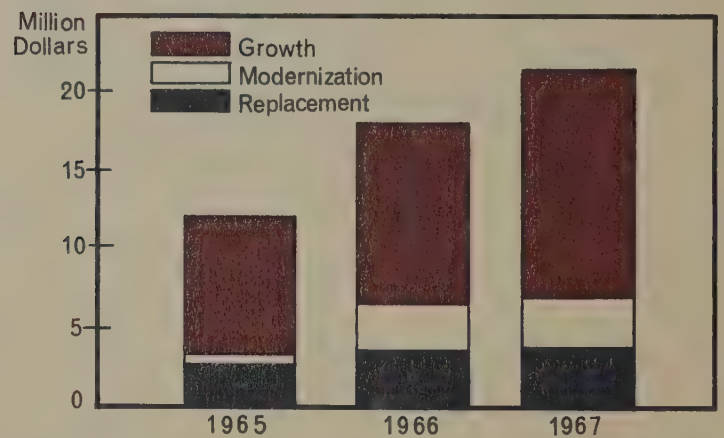
**Return on Total Capital**



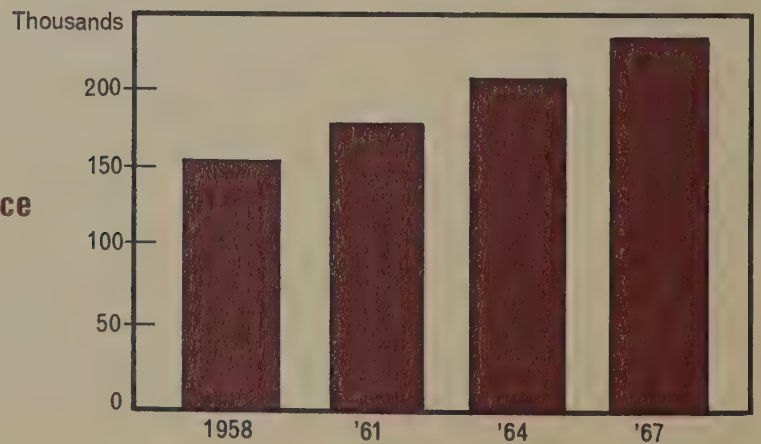
**Earnings Per Average Common Share**



**Construction Expenditures**



**Telephones in Service**





(continued from page 6)

The widening of Base Rate Areas in several exchanges during the year enabled 2,600 customers to secure individual and two-party line service without the payment of mileage charges. Communities whose base rate areas were thus extended included Halifax (in the Spryfield area), Bay Road, Liverpool and Lockeport.

In nearly every exchange area, additional outside plant was erected during the year. Cable was placed underground wherever physical and economic conditions permitted. Progress was made towards the reduction of the number of parties on rural lines. By year end a total of 340 miles of aerial cable was erected and 693 miles of wire and cable was buried or placed in underground conduits.

The territories of the following 24 connecting companies with 1,935 customers were taken over during 1967 with the approval of the Board of Commissioners of Public Utilities for Nova Scotia:

#### **BADDECK**

Baddeck Bridge Mutual Telephone Co., Ltd.  
Beinn Bhreagh Rural Telephone Company  
Forks Baddeck Mutual Telephone Co., Ltd.  
New St. Ann's Mutual Telephone Co., Ltd.  
Nyanza Mutual Telephone Co., Ltd.  
West Middle River Mutual Telephone Co., Ltd.

#### **TATAMAGOUCHE**

Beacon Hill and Millburn Mutual Telephone Co., Ltd.  
Brule Mutual Telephone Co., Ltd.  
Central New Annan Telephone Company  
Denmark and Middleton Mutual Telephone Co., Ltd.  
Earltown Mutual Telephone Co., Ltd.  
Grand View Mutual Telephone Co., Ltd.  
New Truro Road Mutual Telephone Co., Ltd.  
The Falls Mutual Telephone Co., Ltd.  
West New Annan Mutual Telephone Co., Ltd.  
West Tatamagouche Mutual Telephone Co., Ltd.

#### **MUSQUODOBOIT HARBOUR**

Musquodoboit Harbour Telephone Company  
Jeddore Rural Telephone Company

#### **BROOKLYN**

West Hants Telephone Co., Ltd.

#### **LOCKEPORT**

Sable River Mutual Telephone Co., Ltd.  
East Sable River Mutual Telephone Co., Ltd.

#### **SAULNIERVILLE**

Evangeline Mutual Telephone Co., Ltd.

#### **TANGIER**

Spry Bay Mutual Telephone Co., Ltd.

#### **TRURO**

Hilden Mutual Telephone Co., Ltd.



Company's largest construction program in 58-year history is marked by installation of 16,232 additional telephones, a record gain for a single year; year-end total, 243,502 telephones.

## **MARKETING**

Progress was made during the year in the provision of steadily greater and better telephone service to all customers. An active and expanded marketing program, supported by consistent advertising and publicity and increased employee selling, was reflected in a record increase in the number of telephone sets in use, the number of telephone calls made, and the number and variety of telecommunication services used by customers.

Residential customers have been quick to respond to the variety of telephone sets and associated equipment available to them. By the end of the year, 13.6% of the residence telephone sets in use were extension telephones.

During the year there were 103,633 visits to customer premises involving the removal and replacement of a variety of telephone sets. On each of these visits, Plant employees are responsible as well for encouraging the purchase by the customer



of additional telephone services to make the customer's telephone service as efficient and convenient as possible. Results of this sales program have been good, and total sales during 1967 were valued at \$148,000, compared to \$42,000 during 1964, the first year of this program.

In every business office throughout the province, Company employees undertook a planned sales program in addition to regular duties. Their efforts accounted for approximately 6,000 sales, including telephone sets in various colors, chimes, extension bells and extension sets. Extension set sales alone by the business office group amounted to 1,200 for the year.

During the year a special program was begun to instruct school children in clarity of telephone speech, courtesy, and the role of communications in the community. Known as Telezonia, the program is most suitable for youngsters in the fourth grade, and includes instruction in placement of emergency telephone calls. Two Telezonia units are now in use, one each in the school administrations of Halifax and Dartmouth.

New automatic switchboard systems were installed during the year in motels, providing automatic room-to-room calling, direct outgoing calls, and calls to special motel areas without the assistance of the switchboard operator. For apartment dwellers, a new service offering known as Apartment Enterphone was provided, giving fast two-way communications between the individual apartment and the lobby entrance. The unique feature of the Enterphone Service is that it is on the same telephone system as residence service, thus providing alternate switching from the residence line to the lobby telephone.

The urgency for business telephone customers to transmit large volumes of data both accurately and economically has brought about significant changes in the Company's teletypewriter exchange service (TWX). Customers were offered a new "alternate-use" service, whereby the connection may be used either for voice or data transmission, adding versatility to the system. At the same time, the attractiveness of the service was heightened by the reduction of the minimum message time from 30 seconds to six seconds.

The Company's specialists in communications

worked directly during the year with those responsible for the construction of the first phase of the Halifax downtown redevelopment program, Scotia Square. As a result, tenants in the new complex will have available to them complete flexibility of telecommunications services. Vertical duct work through walls and horizontal duct work between floors will mean that both present and future tenants will be able to move telephones, add telecommunications, TWX, cable and similar services, with the least disturbance to others.

Another service to business customers, that of the advertising medium of directory Yellow Pages, showed an increase of 10% in revenues. The use of Yellow Pages advertising is constantly emphasized in Company advertising and promotion, and the selection and training of sales personnel.

At Halifax, a new CENTREX installation was provided for the Victoria General Hospital. This makes possible direct distance dialing from



Telerama—Company's centennial exhibit depicting telecommunications progress—is opened in October by Nova Scotia Premier G. I. Smith, here examining working satellite model with President Archibald.



extension telephones, enabling records to be kept for accounting purposes. Equipment for the switching system is maintained off premises at a Company exchange office. At the same time, Pocket Paging was provided for 100 interns, nursing supervisors, doctors and administrative personnel within the hospital, enabling them to be reached by a single transmitter. This service will grow to approximately 300 pocket size receiving units by 1969.

During the year construction was begun on a new CENTREX installation in Halifax. This will provide communication facilities for Dalhousie University, the Provincial Government, the Pathology Laboratory and the Company with such features as inside call - transfer, conference calls, abbreviated dialing, "busy-line" transfer and night-time re-routing to remote manned telephones.

## EMPLOYEES

The constant training of telephone people, and regular assessment of methods, functions and tools with which to do the job, form the very basis of your Company's progress in its program of expansion and modernization of customer services. As the scope and complexity of both the social and industrial life of Nova Scotia increase, so must the complexity and variety of telecommunications services. In this, the abilities of all telephone people are constantly enhanced.

During 1967, there was a substantial expansion of facilities to train new technical and craft employees hired throughout the year, and at the same time to ensure that regular employees would continue to be developed in line with service requirements and technological advances. There were 120 training courses for craft employees conducted during the year, attended by 750 personnel. There was a record number of 57,036 man-hours of classroom training.

As well, plans were completed for commencement of advanced engineering education for Company engineers who have from five to fifteen years' field experience. Twelve employees will participate in the three-year course, to be taken largely on their own time. This will be at Company expense and will be conducted by the Nova Scotia



It's "back to school" for young technical and craft employees. Here, under W. W. Haley, Plant Training Instructor, they receive intensive on-the-job training to keep pace with technological advances. Company has 2,632 employees, gain of 101 over 1966.

Technical College. Prior to this arrangement, employees received this type of training at Queen's University in Kingston, Ontario.

In addition to the heavy classroom training schedules, a large number of Company employees received training in off-the-job courses offered by the Company. For many technical employees, evening classes in basic mathematics were conducted by Company instructors, at the request of the employees themselves who wished to further their training in this way.

Additional facilities were planned for training and re-training in new Company services to be provided, such as Touch-Tone telephones, data transmission services, and public mobile telephone service. During the year, induction training for 84 new management appointees was carried out, and various instructional courses were conducted, ranging from supervision and work organization to assignments for clerical employees.





Millions who enjoy telephone industry's pavilion at Montreal's Expo '67, supported by member companies of the Telephone Association of Canada, praise pavilion for its education and entertainment features.

**Pay Rolls**—By year end, there were 2,632 employees, an increase of 101 over 1966. Salaries and wages for the year amounted to \$11,852,000.

**Pension and Benefits**—At the close of the year, there were 225 service pensioners to whom a total of \$378,540 had been distributed during 1967. The Pension Fund, which provides the revenue to pay the pensions, is held by the Canada Permanent Trust Company as custodian and at year end the fund totaled \$14,000,000. During the year, the Company paid \$635,917 into the fund.

Other benefit payments made by the Company totaled \$260,110. These included sickness disability payments, death benefits, group insurance and Blue Cross Supplementary Hospital Insurance. All benefits, including the payment to the pension fund, cost 7.5% of the total company payroll.

In addition to these voluntary benefits, the Company paid \$154,560 into the Canada Pension Plan, \$278,050 in Old Age Security Tax, and \$79,824 in Unemployment Insurance. Total of all benefit

costs, voluntary and other, was \$1,408,461, or nearly 12% of the total payroll.

**Stock Savings Plan**—Employees with more than six months of service are permitted under the Stock Savings Plan to purchase common shares of the capital stock of the Company by payroll deduction. At the end of the year, 1,332 or approximately two thirds of eligible employees were participating in this Plan. During the year, the Plan was amended so that the cost of shares would be 75% of the average market price instead of a fixed amount, thus taking into account market price fluctuations and providing a uniform discount for employees in the Plan.

**Labour Relations**—By mid-year, negotiations with the bargaining unit representing plant craftsmen, members of the International Brotherhood of Electrical Workers Union, had failed to reach agreement at the bargaining table. The appointment of an Industrial Inquiry Commission by the government of Nova Scotia resulted in a two-year agreement with the 717 craft employees. At year end, a two-year contract with 778 traffic operators, members of a separate bargaining unit of the IBEW, was in the process of negotiation, as was an agreement with the 488 clerical employees, represented by The Telephone Employees' Association.

**Safety**—With the dual targets of job-productivity and employee welfare, attention to job safety is the constant concern of the Company. Safe practice directions are issued covering every work operation in which there is an accident potential. Despite this, the year 1967 was not as good as the previous year in either the number of motor vehicle accidents or the rate of disabling injuries on the job.

In the fourth quarter of 1967, a new system of driver safety improvement was adopted for all Company drivers with two instructors from the Company carrying out the training. During the year, encouragement in safe practices was maintained with the awarding of 502 safe-driver awards by the National Safety Council, eight awards for drivers who had driven a million accident-free miles, and five awards for Company drivers who had driven for 20 years without an accident.



## DIRECTORS

Mr. George C. Wallace of Montreal, Vice-President—Finance, The Bell Telephone Company of Canada, was appointed a director on November 16, 1967, to fill a vacancy created by the resignation of Mr. James A. Hobbs of Montreal who retired on October 31, 1967, as an Executive Vice-President of The Bell Telephone Company of Canada.

Francis D. Smith, Q.C., of Halifax, resigned from the Board of Directors on December 31, 1967, due to illness. Mr. Smith had been a valued member of the Board for 25 years and his resignation was accepted by the Directors with great regret.

The Directors record with deep regret the passing on March 8, 1967, of Mr. Foster H. Doyle, a former Vice-President and General Manager of the Company, who resigned as director on March 18, 1966.

## ORGANIZATION CHANGES

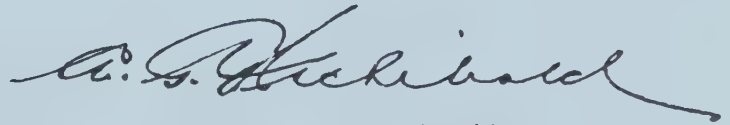
The following organization changes took place during 1967:

W. S. Robertson, Vice-President—Finance, began a special two-year assignment in September with The Bell Telephone Company of Canada.

J. R. Gale was appointed General Information Manager on September 1 to coordinate the Company's advertising, public relations and employee relations programs.

The year 1967 was an outstanding one for the Company in the provision of telephone and related telecommunications services to its customers. Results of the program of growth, expansion and modernization reflected creditably on the efforts of all its employees. Shareowners can be confident that with continued economic stability the year 1968 will see continued steady progress.

For the Board of Directors

A handwritten signature in dark ink, appearing to read "A. S. Richardson", with a long, sweeping flourish extending to the right.

President

February 23, 1968



# THE YEARS IN REVIEW

## BALANCE SHEET

	1967	1966	1965
1 Construction Expenditures	\$ 21,850,963	\$ 17,956,409	\$ 11,959,274
2 Telecommunications Plant & Equipment	146,280,962	128,492,251	114,132,445
3 Per Telephone	601	565	522
4 Accumulated Depreciation	36,269,425	33,099,671	30,244,614
5 Preferred Stock	1,500,000	1,500,000	1,500,000
6 Common Stock, Premium & Retained Earnings	61,289,618	52,119,736	44,128,813
7 First Mortgage Bonds	46,000,000	36,000,000	36,000,000
8 Deferred Income Taxes	10,045,842	8,839,306	7,938,359
9 Equity Per Common Share	16.67	16.37	15.74

## INCOME STATEMENT

10 Total Operating Revenues	\$ 32,333,052	\$ 28,570,965	\$ 24,287,499
11 Local Service Revenues	16,818,382	15,061,133	12,917,491
12 Toll Service Revenues	14,731,535	12,778,067	10,672,741
13 Total Operating Expenses & Other Taxes	20,719,832	18,638,636	16,480,204
14 Employee Expense (Salaries, Wages & Benefits)	8,849,791	7,835,092	7,142,252
15 Depreciation Expense	6,293,725	5,597,922	5,008,411
16 Other Operating Expenses	4,603,611	4,315,146	3,593,627
17 Other Operating Taxes	972,705	890,476	735,914
18 Bond Interest	2,168,333	1,653,752	1,515,925
19 Other Interest and Fixed Charges	93,457	105,629	77,100
20 Income taxes	4,650,079	4,005,655	3,071,621
21 Preferred Dividends	105,000	105,000	105,000
22 Income Available for Common Dividends	4,969,055	4,297,029	3,235,953
23 Dividends on Common Shares	3,556,852	2,946,650	2,602,051
24 Return on Total Capital	7.4%	7.2%	6.3%
25 Return on Rate Base	6.5%	6.3%	5.7%
26 Income Per Average Common Share	\$ 1.54	\$ 1.44	\$ 1.18

## OTHER STATISTICS

27 Telephones in Service	243,502	227,270	218,533
28 Percent Dial	87.9%	87.9%	87.1%
29 Number of Local Calls	477,514,900	451,160,600	419,746,000
30 Number of Toll Messages	12,158,494	11,187,823	10,768,453
31 Miles of Wire	1,072,902	982,157	860,801
32 Percent in Cable	91.1%	90.9%	89.9%
33 Salaries & Wages Earned	\$ 11,851,832	\$ 10,429,987	\$ 9,062,940
34 Number of Employees	2,632	2,531	2,340
35 Number of Shareholders	13,122	12,643	12,597
36 Average Common Shares Outstanding	3,232,433	2,975,858	2,738,792



1964	1963	1962	1961	1960	1959	1958
\$ 12,005,985	\$ 11,465,017	\$ 9,931,894	\$ 7,624,540	\$ 8,197,628	\$ 7,790,075	\$ 6,923,635
105,137,159	95,819,593	85,512,236	77,651,494	71,865,287	66,016,557	59,676,860
509	485	456	439	430	415	395
27,362,648	24,893,193	21,786,479	19,711,067	17,563,440	16,371,343	14,713,239
1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
42,083,503	37,358,243	36,537,912	30,301,564	29,232,532	28,376,749	24,029,710
29,000,000	29,000,000	24,000,000	24,000,000	24,000,000	20,000,000	20,000,000
7,147,796	6,400,750	5,507,272	4,632,955	3,990,168	3,304,557	2,692,800
15.52	15.23	15.08	14.74	14.50	14.32	14.29
\$ 22,127,675	\$ 19,981,166	\$ 18,776,459	\$ 17,509,115	\$ 16,208,679	\$ 14,832,483	\$ 13,597,047
12,042,889	11,301,218	10,825,384	10,130,257	9,440,029	8,828,937	8,249,016
9,384,702	8,017,661	7,399,492	6,903,340	6,533,453	5,778,829	5,133,052
14,910,164	13,524,083	12,259,868	11,376,887	10,786,120	10,038,636	9,384,656
6,476,873	5,990,744	5,509,784	5,141,657	4,977,942	4,714,973	4,578,281
4,556,318	4,080,319	3,508,967	3,208,176	2,952,854	2,676,130	2,396,485
3,222,671	2,853,424	2,678,743	2,495,189	2,342,745	2,179,209	1,974,589
654,502	599,596	562,374	531,865	512,579	468,324	435,300
1,268,750	1,135,174	993,750	993,750	810,417	773,750	636,546
59,666	51,432	27,992	31,869	30,148	37,484	23,605
2,872,214	2,597,710	2,664,188	2,528,871	2,259,183	1,971,000	1,642,862
105,000	105,000	105,000	105,000	105,000	105,000	105,000
3,039,513	2,748,565	2,729,770	2,494,864	2,313,821	2,030,212	1,872,127
2,416,177	2,197,344	2,010,673	1,828,178	1,795,009	1,458,083	1,330,436
6.2%	6.2%	6.5%	6.6%	6.4%	6.3%	6.2%
5.6%	5.4%	6.1%	6.2%	5.8%	5.7%	5.8%
\$1.15	\$1.13	\$1.22	\$1.23	\$1.16	\$1.15	\$1.12
206,752	195,986*	187,536	176,853	167,274	159,115	151,192
87.3%	86.9%	86.8%	86.1%	84.6%	82.5%	80.6%
396,467,000	375,221,000	361,055,000	348,318,595	333,112,040	314,494,315	303,889,890
9,820,857	9,016,553	8,589,756	8,033,316	7,537,681	6,967,274	6,316,308
790,641	714,316	657,249	615,794	577,595	476,983	451,271
89.7%	88.9%	88.4%	88.2%	88.3%	86.5%	86.4%
\$ 8,348,804	\$ 7,466,225	\$ 6,816,913	\$ 6,226,644	\$ 5,980,023	\$ 5,627,369	\$ 5,384,793
2,168	2,086	1,915	1,850	1,828	1,837	1,812
12,762	12,170	12,359	11,754	11,857	11,842	11,093
2,635,993	2,442,611	2,236,302	2,032,844	1,995,800	1,762,534	1,664,284

\*adjusted figure





MARITIME TELEGRAPH & TELEPHONE COMPANY LIMITED ANNUAL REPORT 1967

part of



Trans-Canada Telephone System





**MARITIME TEL & TEL**

## INTERIM INCOME STATEMENT

	Six Months Ended June 30		Twelve Months Ended June 30	
	1967	1966	1967	1966
	\$	\$	\$	\$
Operating Revenues	15,620,407	13,274,790	30,916,582	25,776,727
Operating Expenses	9,616,230	8,622,171	18,742,219	16,772,667
Net Operating Revenue	6,004,177	4,652,619	12,174,363	9,004,060
Taxes Other Than Income	483,178	448,276	925,378	813,205
Other Income	5,520,999	4,204,343	11,248,985	8,190,855
	209,125	108,095	335,766	219,803
Interest Charges	5,730,124	4,312,438	11,584,751	8,410,658
	1,076,534	881,367	1,954,548	1,732,771
Income Before Tax	4,653,590	3,431,071	9,630,203	6,677,887
Income Tax	2,231,349	1,627,303	4,609,701	3,179,351
Net Income	2,422,241	1,803,768	5,020,502	3,498,536
Income per Average Common Share	.74	.63	1.54	1.23
Average Number of Common Shares Outstanding	3,185,577	2,768,222	3,184,728	2,767,101

## SOURCE AND APPLICATION OF FUNDS

	Six Months Ended June 30	
	1967	1966
	\$	\$
<b>SOURCE OF FUNDS</b>		
From Operations	5,891,567	4,834,749
Increase (Decrease) in Deferred Credits—Employees' Stock Plan	269,473	253,181
Proceeds of Bond Issue	10,000,000	—
Proceeds of Common Stock Issue	24,105	17,385
Subscriptions for Common Stock	—	5,112,080
Salvage and Other (Net)	182,296	207,409
	16,367,441	10,424,804
<b>APPLICATION OF FUNDS</b>		
Construction of Telephone Plant	7,653,692	8,494,904
Dividends	1,804,634	1,367,505
Refundable Tax	184,759	75,397
	9,643,085	9,937,806
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	6,724,356	486,998

## SATELLITE TELECOMMUNICATIONS FOR CANADIANS

The proposal for a Canadian-built satellite telecommunications system, made in June by the seven major telephone companies — including MT&T — and CN-CP Telecommunications, is now the subject of study by a special federal government task force.

The task force is drawn from the Defence Research Board, the Board of Broadcast Governors, the telecommunications branch of the Department of Transport, and the government's science secretariat. It will likely report before year-end.

Its job will be to evaluate the communications industry plans, and others, to speed implementation of what the Prime Minister has described as the important and manifold implications of satellite communications in Canada.

Our industry's \$80 million proposal is threefold: it calls for full satellite coverage for all Canada by 1970 by a stationary, equator-centred satellite, with back-up and ground reserve satellites; special network TV coverage for Canada's north; and continuing research for a new generation of post-1975 satellites. Some 54 earth-tracking stations would be built, coast to coast.

Essentially, the proposal involves the integration of the "microwave-tower-in-space" satellite system with existing cross-Canada microwave systems. This would provide service continuity, ample reserve, and growth capacity. Each is considered a vital factor in ensuring success of the proposed seven new national and regional network TV channels, two educational TV channels, and three 1,200-voice circuits for long-distance, teletypewriter, data-phone and other present and future telecommunications needs.





TO THE SHAREHOLDERS:

Operating revenues for the first six months of 1967 were 17.7% greater than in the corresponding period last year. This improvement reflects both the higher rates which became effective May 1, 1966 and an increased volume of business. Operating expenses increased by 11.5% during the same period.

Capital expenditures for new facilities and equipment amounted to \$8,069,000 during the first six months of 1967. For the full year the Company plans to expend an estimated \$21,000,000. Telephone and other telecommunications plant in service as of June 30th, 1967 was \$132,693,000.

In the six and twelve month periods ending June 30th, 1967, earnings per average common share were \$.74 and \$1.54 respectively, compared to \$.63 and \$1.23 a year ago.

President

Halifax, N. S.  
July 31, 1967

SHAREHOLDERS'  
QUARTERLY  
REVIEW

SUMMER 1967